UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION
DEPARTMENT OF THE TREASURY

In the Matter of FREDERICK MARSHAL HIGGINS, CATHERINE HIGGINS HOWARD, PHILLIP R. PERRY AND CHARLES LESTER KEY Institution-Affiliated Parties of Pioneer Federal Savings Bank, Winchester, Kentucky	RE: CHI-96-06 Dated: June 21, 1996

STIPULATION AND CONSENT TO ISSUANCE OF CONSENT ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF AND ORDER OF ASSESSMENT OF CIVIL MONEY PENALTIES

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding and to initiate an administrative civil money penalty assessment proceeding against Frederick Marshal Higgins ("Higgins"), Catherine Higgins Howard ("Howard" or "Catherine Howard"), Phillip R. Perry ("Perry"), and Charles Lester Key ("Key") (collectively, "Respondents"), controlling shareholders and institution-affiliated parties of Pioneer Federal Savings Bank, Winchester, Kentucky ("Pioneer"), pursuant to 12 U.S.C. §§ 1818(b), (i)(2) (1994);[1]

WHEREAS, Respondents desire to cooperate with the OTS and to avoid the time and expense of such administrative proceedings and, without admitting or denying that such grounds exist or the findings and conclusions of the OTS, except that the Director of the OTS has jurisdiction over the Respondents and the subject matter of this action, which is specifically admitted, hereby stipulate and agree as follows:

1. Jurisdiction.

(a) First Federal Savings and Loan Association of Bowling Green, Bowling Green, Kentucky ("First Federal"), and Anniston Federal Savings and Loan Association, Anniston, Alabama ("Anniston"), at all times relevant hereto were "savings association[s]" within the meaning of 12 U.S.C. § 1813(b), 12

[1] All references to the United States Code ("U.S.C."), are as amended, unless otherwise indicated.

U.S.C. § 1462(4) and 12 U.S.C. § 1467a(a)(1)(A) and "insured institution[s]" within the meaning of 12 U.S.C. § 1730(q)(repealed 1989). Accordingly, they were "insured depository institution[s]" as that term is defined in 12 U.S.C. § 1813(c) and as it is used in 12 U.S.C. § 1817(j);

(b) Pioneer is a "savings association" within the meaning of 12 U.S.C. § 1813(b), 12 U.S.C. § 1462(4) and 12 U.S.C. § 1467a(a)(1)(A) and an "insured institution" within the meaning of 12 U.S.C. § 1730(q)(repealed 1989). Accordingly, it is an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c) and as it is utilized in 12 U.S.C. § 1817(j);

(c) Until August 9, 1989, the Federal Home Loan Bank Board ("FHLBB") was the regulatory agency with jurisdiction over First Federal, Anniston, Pioneer and any person participating in the conduct of their affairs, pursuant to 12 U.S.C. § 1464 (1988), as amended Aug. 9, 1989, Pub. L. No. 101-73, title III, § 301, 103 Stat. 282 (Supp. IV 1992) ("FIRREA");

(d) Until August 9, 1989, the Federal Savings and Loan Insurance Corporation ("FSLIC") was the regulatory agency with jurisdiction over all "savings and loan holding company[s]," as defined by 12 U.S.C. § 1730a(a)(1)(d) (repealed 1989);

(e) Until August 9, 1989, the FHLBB, as operating head of the FSLIC, was the regulatory agency with jurisdiction over savings and loan holding companies and their officials, pursuant to 12 U.S.C. §§ 1726, 1730;

(f) As of August 9, 1989, pursuant to 12 U.S.C. §§ 1467a, 1813(q), the Director of the OTS succeeded to the interest of the FHLBB and the FSLIC with respect to the supervision and regulation of all savings associations and savings and loan holding companies;

(g) Prior to the enactment of FIRREA, Higgins and Howard were "persons participating in the conduct of the affairs" of Pioneer, within the meaning of 12 U.S.C. § 1730(e) (1988), "person[s]" within the meaning of 12 U.S.C. § 1730(q)(18) (1988), and "individual[s]" within the meaning of 12 U.S.C. § 1730a(j)(4)(A) (1988);

(h) At all times relevant hereto, the Respondents were "institution-affiliated part[ies]" of Pioneer, as that term is defined in 12 U.S.C. § 1813(u), having served in such capacities within six (6) years prior to the date of this Stipulation and Consent to Issuance of Consent Order to Cease and Desist for Affirmative Relief and Order of Assessment of Civil Money Penalties ("Stipulation"). (See 12 U.S.C. § 1818(i)(3)); and

(i) Pursuant to 12 U.S.C. §§ 1467a, 1813(q), the Director of the OTS is the "appropriate Federal banking agency" to maintain a cease and desist proceeding and assess civil money penalties against individuals and institution-affiliated parties of Pioneer. The Director of the OTS has delegated to the Regional Director of the Central Region of the OTS ("Regional Director") the authority to issue cease and desist orders and assess civil money penalties where the individuals have consented to the issuance of the orders and assessments.

2. OTS FINDINGS AND CONCLUSIONS. The OTS finds that:

(a) First Federal Savings and Loan Association of Bowling Green, Bowling Green, Kentucky

On December 12, 1984, when First Federal converted from a mutual to a stock form of ownership, pursuant to FHLBB regulations, 12 C.F.R. Part 563b (1984) ("Conversion Regulations"), Higgins, his sister, Catherine Howard, their father, Ralph Higgins, and their spouses (collectively the "Higgins Family"),[2] were "person[s]," as defined by 12 C.F.R. § 563b.2(a)(24) (1984), and, due to their relationship to each other as partners in real estate ventures and as directors and beneficial owners of 10 percent of the stock of a family controlled corporation, Minit Mart Foods, Inc. ("Minit Mart"), they were also "associate[s]," as defined by 12 C.F.R. § 563b.2(a)(4) (1984). At the time of the conversion, the Higgins Family's purchase of just under fifteen percent of the total shares issued by First Federal exceeded the amount allowed by, and, thus, violated 12 C.F.R. §§ 563b.3(c)(6)(i), (d)(5) (1984).

(b) Anniston Federal Savings and Loan Association, Anniston, Alabama

On December 22, 1987, when Anniston converted to a stock form of ownership, the Higgins Family members were "associate[s]" and "person[s]" as defined by 12 C.F.R. §§ 563b.2(a)(5), (25) (1987). At the time of the conversion, the Higgins Family's purchase of 14.9 percent of the total shares issued made them one of the two largest holders of any class of voting stock of Anniston.[3] The Anniston stock purchased by the Higgins Family exceeded the amount allowed by and, thus, violated 12 C.F.R. § 563b.3(c)(6)(i) (1987).

In addition, the Higgins Family members are presumed to be acting in concert with one another, under 12 C.F.R. Part 574 (1987) ("Control Regulations"), due to their various relationships as: (1) members of the same "immediate family," as defined by 12 C.F.R.

---

[2] The role of the Respondents' spouses will not be independently addressed.

[3] If two or more persons or entities are deemed to be "associates," their subscriptions or purchases are automatically aggregated for purposes of the percentage limitations in 12 C.F.R. §§ 563b.(c)(6)-(7), (d)(5) (1987). FHLBB Office of General Counsel Opinion, dated October 5, 1987, p.4.

§ 574.2(g) (1987); (2) "controlling shareholders" of Minit Mart, as defined by 12 C.F.R. § 574.2(f) (1987); (3) "management official[s]" of Minit Mart, as defined by 12 C.F.R. § 574.2(i) (1987); and (4) partners with each other in various real estate partnerships, pursuant to 12 C.F.R. §§ 574.4(d)(2)-(3)(i) (1987). The Higgins Family members, as persons who were presumed to be acting in concert, were subject to a rebuttable control determination when their acquisition of over 10 percent of the voting stock of Anniston (12 C.F.R. § 574.4(b)(1)(i) (1987)), subjected them to the control factor of being one of the two largest holders of voting stock in the insured institution. 12 C.F.R. § 574.4(c)(1) (1987). The Higgins Family members' failure to make the required filings with and obtain the required approvals from the FSLIC prior to the purchase of the Anniston stock constituted a violation of 12 C.F.R. § 574.3(b) (1987).

As a result of a FHLBB inquiry into violations related to the Higgins Family's purchase and control of the Anniston stock, on January 19, 1989, Higgins and Howard each signed a FHLBB Stipulation and Undertaking ("Undertaking").[4]

(c) Pioneer Federal Savings Bank, Winchester, Kentucky

(1) Conversion Regulations Violation

On June 30, 1987, when Pioneer converted to a stock institution, Higgins, Howard and Girkin, Inc. ("Girkin")(a corporation owned by Ralph Higgins), purchased 12.77 percent of the total Pioneer shares issued and became the largest holders of Pioneer voting stock. At the time of the issuance of the Pioneer stock, the Higgins Family members and Girkin were "associates" and "person[s]," as defined by 12 C.F.R. §§ 563b.2(a)(5), (25) (1987) and, as such, collectively they were limited to purchase not more than 7.5 percent of the total Pioneer shares issued.[5] The amount of stock purchased by the Higgins Family and Girkin, at the time of the Pioneer conversion, exceeded the total amount of stock permitted by, and thus violated, the Conversion Regulations, 12 C.F.R. § 563b.3(d)(5) (1987).

---

[4] Ralph Higgins passed away prior to the issuance of the Undertaking.

[5] Pioneer exercised an option under the Conversion Regulations to increase the amount of stock that could be purchased during a conversion by any person together with any associate or group of persons acting in concert. 12 C.F.R. 563b.3(d)(5) (1987). Given the total distribution of shares, the maximum amount of stock the Higgins Family could have properly acquired during the Pioneer conversion would have been limited to 7.5 percent of the total shares issued.

(2) Holding Company Act Violations

The acquisition of Pioneer conversion stock by Girkin, a "company," as defined by 12 C.F.R. 574.2(e) (1987), created a rebuttable presumption of concerted action between Girkin and Ralph Higgins, its controlling shareholder and a management official. 12 C.F.R. § 574.4(d)(1) (1987). Persons or companies are presumed to be acting in concert with each other and with any other person or company with which they also are presumed to act in concert. 12 C.F.R. § 574.4(d) (1987).

At the time of the purchase of the Pioneer conversion stock, Higgins, Howard and Ralph Higgins, as: (1) members of the same immediate family, as defined by 12 C.F.R. § 574.2(g) (1987); (2) partners in various partnerships; (3) as well as "management official[s]," as defined by 12 C.F.R. § 574.2(i) (1987), and (4) "controlling shareholders" of Minit Mart, as defined by 12 C.F.R. § 574.2(f) (1987), were presumed to be acting in concert with each other, pursuant to 12 C.F.R. §§ 574.4(d)(2), (3)(i) (1987); and with Girkin, pursuant to 12 C.F.R. § 574.4(d)(7) (1987). As acquirors of more than 10 percent of the Pioneer stock, who were subject to a "control factor," 12 C.F.R. § 574.4(b) (1987), of being one of the two largest holders of any class of the issuer's voting stock, 12 C.F.R. § 574.4(c)(1) (1987), the failure of the Higgins Family and Girkin to make the required filings prior to their purchase of the Pioneer stock pursuant to 12 C.F.R. §§ 574.3(a), 4(e)(1) (1987), constitutes a violation of 12 C.F.R. §§ 574.3(a)-(b) (1987), regulations issued by the FHLBB under the authority of the Holding Company Act, 12 U.S.C. § 1730a(h)(1) (1982).

After a FHLBB inquiry into the regulatory violations related to the Higgins Family's purchase of Pioneer stock, Higgins and Howard were directed to reduce their ownership of the stock to an amount below 10 percent of the total issued shares.[6] On December 13, 1989, Higgins and Howard divested 7,554 shares of their Pioneer stock and obtained a total profit on the sale of $22,662.

(3) Control Act Violations

(i) Respondents' Pioneer Stock Ownership

At all times relevant hereto, Key owned 4.6 percent of all

[6] Ralph Higgins transferred 25% of Girkin's stock to each of his four grandchildren (i.e., the two children of Frederick M. Higgins and the two children of Catherine H. Howard). Higgins and Howard controlled the Pioneer stock of their minor children and in December 1988, at the direction of the FHLBB, they caused Girkin to sell all of its 11,600 shares. See 12 C.F.R. § 574.4(d)(2) (1988).

issued Pioneer shares and was a partner of Higgins in real estate ventures. As partners, Key and Higgins are rebuttably presumed to be acting in concert with each other, pursuant to 12 C.F.R. § 574.4(d)(3)(i) (1991), and with any other person with whom they are presumed to act in concert, pursuant to 12 C.F.R. § 574.4(d)(7) (1991).

At all times relevant hereto, Perry owned 8 percent of all issued Pioneer shares and is listed in its annual reports as one of the two largest shareholders. See 12 C.F.R. § 574.4(c)(1) (1989). In addition, Higgins and Perry engaged in numerous interrelated business transactions and purchased stock in some of the same business entities.

Howard continues to own the 4.26 percent of all the outstanding shares of Pioneer stock she acquired at the conversion. As stated above, Howard is presumed to be acting in concert with Higgins, under the Control Regulations, due to their various relationships, pursuant to 12 C.F.R. §§ 574.4(d)(2)-(3)(i) (1987).

After the original purchase of 11,600 shares of Pioneer stock during the conversion on June 30, 1987, Higgins continued to purchase and sell shares of the Pioneer stock. As of August 1, 1995, Higgins owned 4.5 percent of all outstanding shares issued by Pioneer.

The Respondents, who are joined by familial and/or business relationships that create a rebuttable presumption of their acting in concert, pursuant to 12 C.F.R. § 574.4(d) (1994), collectively acquired over 20 percent of all outstanding Pioneer shares and were "controlling shareholders" of Pioneer, as defined by 12 C.F.R. § 574.2(g) (1994), and subject to the control factor of being one of the two largest holders of voting stock in Pioneer, 12 C.F.R. § 574.4(c)(1) (1994). The Respondents' failure to make the required filings with and obtain the required approvals from the OTS prior to the purchase of the Pioneer stock constituted a violation of 12 C.F.R. § 574.3(b) (1994), a regulation issued by the OTS under the authority of the Control Act, 12 U.S.C. § 1817(j).

(ii) Respondents Acted in Concert

The Respondents acted in concert in an attempt to: (1) influence and control Pioneer; (2) acquire additional shares of Pioneer stock; and (3) sell the shares they controlled. Taking these actions, prior to filing and having OTS approval of either a rebuttal of presumption filing or an application for change of control, constitutes a violation of the Control Regulations, 12 C.F.R. § 574.3(b) (1992).

In May 1994, the Respondents formed a partnership, East Kentucky Holdings ("EKH"), the purpose of the proposed savings and loan holding company was to acquire and control the stock of

Pioneer. In a series of purchases during 1994, Higgins, the managing partner of EKH, purchased 5,550 shares of Pioneer stock ("1994 Shares").[7] This stock was acquired in violation of the Control Regulations, in that the Respondents had not filed with the OTS and OTS had not approved a rebuttal to a presumption of acting in concert or a holding company application, prior to the time they acquired the 1994 Shares. 12 C.F.R. § 574.3(b) (1994).

Further, by the Respondents agreeing to act together for the purpose of disposing of the equity securities of Pioneer, the group formed thereby is deemed to have acquired beneficial ownership of all equity securities of Pioneer owned by the Respondents, pursuant to section 13(d) of the Securities and Exchange Act of 1934, 15 U.S.C. § 78a, et seq. ("§ 13(d)"), and the regulations issued thereunder, 17 C.F.R. § 240.13d (1993). As a group owning more than 10 percent of the outstanding equity securities of Pioneer, which acted to dispose of the beneficial ownership of Pioneer securities, the Respondents were required to make a Schedule 13(d) filing with the SEC, pursuant to 17 C.F.R. §§ 240.13d-1(a), (b) (1994). Under the Control Regulations, 12 C.F.R. § 574.4(d)(5) (1994), the Respondents are rebuttably presumed to be acting in concert where they constitute a group under the beneficial ownership reporting rules under § 13(d) and their failure to file and have OTS accept a rebuttal of a determination of control prior to acquiring such stock or control factor, pursuant to 12 C.F.R. § 574.4(e)(1) (1994), constitutes a violation of 12 C.F.R. § 574.3(b) (1994).

(4) Omissions In EKH Application

An Application/Information Filing H-(e)-1, filed pursuant to section 10(e) of the Home Owners' Loan Act, 12 U.S.C. § 1461-1468, and 12 C.F.R. § 574.3(a) (1994), was required before a change of control application for EKH could be approved. In their filings, made after consulting with their counsel, Higgins and Howard failed to disclose the existence of the Undertakings they entered into with the FHLBB in 1989.

The Undertakings related to violations of FHLBB regulations and should have been fully disclosed. The existence of the Undertakings was material, in that they are a presumptive disqualifier that gives rise to a rebuttable presumption that the application may be rejected by the OTS, pursuant to 12 C.F.R. §§ 574.7(g)(1)(i)(B)-(C) (1994). The filing with the OTS of statements with respect to omissions of a material fact in the

[7] Specifically, the 1994 Shares comprised the following purchases of Pioneer stock: 1,000 shares at a price of $40.00 per share on January 11, 1994; 1,500 shares at $42.00 on April 7, 1994; 100 shares at $42.50 on May 23, 1994; 200 shares at $43.50 on June 7, 1994; 1,250 shares at $43.50 on June 9, 1994; and 1,500 shares at $43.50 on July 6, 1994.

applications by Higgins and Howard constitutes a violation of 12 C.F.R. § 563.180(b)(1) (1994).

3. Consent.

Respondents consent to the issuance by the OTS of the Consent Order to Cease and Desist for Affirmative Relief and Order of Assessment of Civil Money Penalties ("Consent Order"). Respondents further agree to comply with the terms of the Consent Order upon issuance and stipulate that the Consent Order complies with all requirements of law.

4. Finality.

The Consent Order is issued pursuant to 12 U.S.C. §§ 1818(b), (i). Upon its issuance by the Regional Director, it shall be a final order, effective and fully enforceable by the OTS or its successor under the provisions of 12 U.S.C. § 1818(i).

5. Waivers.

(a) Respondents waive their right to be served with a written notice of charges containing a statement of the facts constituting grounds for the action and an administrative hearing thereon, as provided by 12 U.S.C. § 1818(b)(1).

(b) Respondents waive their right to a written Notice of Assessment of Civil Money Penalty provided by 12 U.S.C. § 1818(i)(2)(E)(i), and the administrative hearing provided by 12 U.S.C. § 1818(i)(2)(H).

(c) Respondents waive any right to seek judicial review of the Consent Order, including without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Consent Order.

(d) Higgins and Howard waive their right to a written Notice of Assessment of Civil Money Penalty, an administrative hearing, and to seek judicial review of the Consent Order, including without limitation, any such right provided by 12 U.S.C. § 1730a(j) (repealed 1989) and 12 U.S.C. § 1817(j)(16).

(e) By signing this Stipulation, Respondents agree that they will not assert the assessment or payment of any monies or providing any other financial relief as contemplated by the Consent Order as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity. The OTS is of the view that the affirmative relief provisions of the Consent Order (including those requiring payments pursuant to 12 U.S.C. § 1818(b)(6)(A)) are remedial and not punitive in nature, and Respondents do not and will not contest this.

(f) Respondents waive any and all claims for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Consent Order, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504 (1980), or 28 U.S.C. § 2412 (1980).

6. Indemnification.

Respondents shall neither cause nor permit Pioneer or its holding company, Pioneer Financial Corporation, Winchester, Kentucky ("PFC") (or any subsidiary or successor of either of them), to incur, directly or indirectly, any expense for the amount of the restitution and/or the Civil Money Penalties assessed under the Consent Order or any legal (or other professional expenses) incurred by Respondents relative to the negotiation and issuance of the Consent Order, nor obtain any indemnification (or other reimbursement) from Pioneer and/or PFC (or any subsidiary or successor of either of them) with respect to such amounts. Any payments received from Pioneer and/or PFC (or any subsidiary or successor of either of them) by or on behalf of Respondents in connection with this action shall be returned to Pioneer.

7. Other Actions, Proceedings and Parties.

This Stipulation and the accompanying Consent Order are issued solely to settle this proceeding. By entering into this Stipulation, Respondents acknowledge and agree explicitly to the following provisions:

(a) This proceeding, the assessment or payment of the restitution and/or penalties, and the Respondents' consent to the entry of the Consent Order do not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, claims, charges against, or liabilities that arise in connection with their affiliation with Pioneer and that may be or have been brought by any other government agency or entity other than OTS.

(b) Respondents' obligation to pay Civil Money Penalties pursuant to this Stipulation and the Consent Order shall not be dischargeable in bankruptcy under any circumstances.

(c) Higgins and Howard acknowledge and agree that pursuant to 11 U.S.C. § 523(a)(11), their restitution obligation under the Consent Order is not a dischargeable debt, and they waive any right to seek discharge of such obligations in any bankruptcy proceeding.

8. Cooperation.

Respondents will cooperate with the OTS, to the extent consistent with their rights under the Fifth Amendment of the United States Constitution, by providing truthful and complete information to the OTS, upon request, concerning matters relating to its examination of Pioneer. This agreement to provide continued cooperation is binding only upon the OTS and Respondents, and specifically does not bar, compromise, or affect in any way any agreements Respondents make or have made with any other governmental agency.

Wherefore, Respondents execute this Stipulation and Consent to Issuance of Consent Order to Cease and Desist with Affirmative Relief and Order of Assessment of Civil Money Penalties, intending to be legally bound hereby.

Agreed to by:

Fred M Higgins
Frederick Marshal Higgins — Date: June 17, 1996

Catherine Higgins Howard
Catherine Higgins Howard — Date: June 17, 1996

Phillip R. Perry
Phillip R. Perry — Date: June 17, 1996.

Charles Lester Key
Charles Lester Key — Date: June 17 1996

Accepted by:

Office of Thrift Supervision

Ronald N. Karr — Date: 6-21-96

Docket # 5545

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION
DEPARTMENT OF THE TREASURY

In the Matter of FREDERICK MARSHAL HIGGINS, CATHERINE HIGGINS HOWARD, PHILLIP R. PERRY AND CHARLES LESTER KEY Institution-Affiliated Parties of Pioneer Federal Savings Bank, Winchester, Kentucky	RE: CHI-96-06 Dated: June 21, 1996

CONSENT ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF AND ORDER OF ASSESSMENT OF CIVIL MONEY PENALTIES

WHEREAS, Frederick Marshal Higgins ("Higgins"), Catherine Higgins Howard ("Howard"), Phillip R. Perry ("Perry"), and Charles Lester Key ("Key")(collectively, "Respondents"), institution-affiliated parties of Pioneer Federal Savings Bank, Winchester, Kentucky ("Pioneer"), have executed a Stipulation and Consent to Issuance of Consent Order to Cease and Desist for Affirmative Relief and Order of Assessment of Civil Money Penalties ("Stipulation");

WHEREAS, Respondents, in the Stipulation, have consented and agreed to the issuance of this Consent Order to Cease and Desist for Affirmative Relief and Order of Assessment of Civil Money Penalties ("Consent Order"), pursuant to 12 U.S.C. §§ 1818(b), (i)(2);[1]

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Director of the Central Region of the OTS ("Regional Director") the authority to issue orders to cease and desist for affirmative relief and of assessment of civil money penalties on behalf of the OTS, where the subjects have consented to the issuance of the orders; and

WHEREAS, on the basis of the consent evidenced in the Stipulation, the Regional Director is of the opinion that grounds exist for the issuance of this Consent Order, pursuant to 12 U.S.C. §§ 1818(b), (i)(2).

[1] All references to the United States Code ("U.S.C."), are as amended, unless otherwise indicated.

NOW THEREFORE, IT IS ORDERED THAT:

A. Cease and Desist

1. Statutory and Regulatory Obligations.

a. Higgins and Howard shall cease and desist from any violation of:

i. The Savings and Loan Holding Company Act, 12 U.S.C. §1467a (1994);

ii. The Change in Bank Control Act, 12 U.S.C. § 1817(j);

iii. Section 563.180(b) of the OTS Regulations Applicable to All Savings Associations ("OTS Regulations"), 12 C.F.R. § 563.180(b) (1995) (pertaining to filing misleading statements or omissions);

iv. Part 563b of the OTS Regulations, 12 C.F.R. Part 563b (1995) (pertaining to the mutual to stock conversion regulations); or

v. Part 574 of the OTS Regulations, 12 C.F.R. Part 574 (1995) (pertaining to the change of control regulations).

b. Key and Perry shall cease and desist from any violation of:

i. The Change in Bank Control Act, 12 U.S.C. § 1817(j); or

ii. Part 574 of the OTS Regulations, 12 C.F.R. Part 574 (1995) (pertaining to the change of control regulations).

2. Limitations on Pioneer related Activities. Respondents shall:

a. not serve as directors, officers, employees, agents or other institution-affiliated parties of Pioneer or its holding company, Pioneer Financial Corporation, Winchester, Kentucky ("PFC"), and shall not participate in any manner in the conduct of the affairs of Pioneer, PFC or their successors, without the prior written approval of the OTS or its successor;

b. not exercise any shareholder voting rights with respect to the voting stock of Pioneer or PFC or otherwise solicit, procure, transfer, attempt to transfer, vote or attempt to vote any proxy, consent or authorization with respect to any voting rights in Pioneer or PFÇ, except as specifically authorized by the terms of Paragraphs A.2.c. (voting) and A.2.e. (sale of stock) below;

c. vote all Pioneer and PFC stock in which they have an interest on a pro rata basis in accordance with the votes of the other shareholders of Pioneer and PFC, respectively. In order to effectuate this provision, within Ten (10) days of the issuance of this Consent Order, the Respondents shall provide written instructions to the Corporate Secretary of Pioneer and the Secretary of PFC that until their stock is sold it is to be voted on the aforementioned basis. A copy of such instructions shall also be provided to the Regional Director;

d. not, directly or indirectly, purchase or otherwise "acquire" (within the meaning of 12 C.F.R. § 574.2(a) (1995) any Pioneer or PFC voting stock or other Pioneer or PFC securities; and

e. sell all of the Pioneer and PFC stock in which Respondents or their spouses have a direct or indirect interest ("Shares"), within Ninety (90) days of the issuance of this Consent Order, provided that:

i. the Shares would not be sold or otherwise transferred, directly or indirectly, to any member of Respondents' "immediate family(s)" (within the meaning of 12 C.F.R. § 574.2(j) (1995)), any "affiliate" of the Respondents (within the meaning of 12 C.F.R. § 574.2(d) (1995)), or any corporation, partnership, trust or other entity owned or controlled by the Respondents or any members of their respective immediate families;

ii. neither Respondents nor any corporation, partnership, trust or other entity owned or controlled by any of them or any member of their respective immediate families or any party affiliated with them shall, directly or indirectly, finance the sale of the Shares; and

iii. all documentation of the sale and transfer of the Shares shall be provided to the Regional Director within 30 days of the sale and transfer.

3. <u>Filings</u>. Respondents shall promptly and accurately make all filings required by the OTS regulations. If appropriate, Respondents shall properly update and correct any Pioneer related filings that have previously been made by them.

4. <u>Limitations on the Acquisition of Thrift Stock</u>. Higgins and Howard shall not, directly or indirectly, acquire any stock or securities issued by either a "savings association", as defined by 12 U.S.C. § 1813(b)(1), or a "savings and loan holding company," as defined by 12 U.S.C. § 1467a(a)(D), for a period of Four (4) years from the date of the issuance of this Consent Order.

5. <u>Restitution</u>. Higgins and Howard shall:

a. On July 1, 1996, jointly pay restitution to Pioneer in the amount of Forty Four Thousand Eight Hundred Nineteen Dollars and Three Cents ($44,819.03).[2] If the entire payment is not made on said date, compounded interest (calculated at the adjusted rate indicated in Attachment A) shall continue to accrue on any outstanding balances until paid in full. The interest accrued after July 1, 1996, shall be in addition to, and not in lieu of, any legal remedies available to the OTS to enforce the Order;

b. Within Ten (10) days of the sale of the 5,500 shares of Pioneer stock purchased by the Respondents in 1994 (identified in the Stipulation as "1994 Shares"), pay to Pioneer any and all profit made on the sale of each share of stock;[3] and

c. Make the Restitution payments, identified in Paragraphs A.5.a. and A.5.b. above, by delivering one or more certified or cashier's check(s) to the President of Pioneer, Carl C. Norton. The checks are to be made payable to the order of Pioneer Federal Savings Bank. The check(s) shall be tendered, together with a cover letter stating the checks relate to Pioneer Federal Savings Bank, shall reference the resolution number, and attach a copy of the Consent Order, to the following address: Carl C. Norton, President, Pioneer Federal Savings Bank, 25 East Hickman Street, Winchester, Kentucky 40470. A copy of each cover letter to the President of Pioneer and a photocopy of the check(s) shall be sent to: Robert D. DeCuir, Esq., Office of Thrift Supervision, 1700 G Street, N.W., Washington, D.C. 20552.

B. <u>Civil Money Penalty Assessments</u>

1. Higgins and Howard, within Ten (10) days of the effective date of this Consent Order, shall each pay a Civil Money Penalty in the amount of Eighteen Thousand Dollars ($18,000);

2. Perry and Key, within Ten (10) days of the effective date of this Consent Order, shall each pay a Civil Money Penalty in the amount of Ten Thousand Dollars ($10,000); and

3. The Civil Money Penalty payments, identified in Paragraphs B.1. and B.2. above, shall be made by each Respondent delivering one or more certified or cashier's check(s) to the OTS. The check(s) shall be made payable to the order of The Treasurer of the United States. The check(s) and a copy of this Consent Order shall be tendered with a cover letter (stating that the checks relate to Pioneer Federal Savings Bank, Winchester, Kentucky, and referencing

---

[2] This restitution is based on the profit of $22,662 obtained on the sale of the 7,554 shares of Pioneer stock acquired during the conversion, plus compounded interest thereon from the date of sale, December 13, 1989. <u>See</u> Attachment A.

[3] The Profit on the sale of the stock shall be defined as, "any price received above the original purchase price paid for the 1994 Shares, as identified in the Stipulation".

the Resolution Number of the Consent Order) to the following address: Controller's Division, Office of Thrift Supervision, 1700 G Street, N.W., Washington, D.C. 20552. A copy of each cover letter to the Controller's Division and a photocopy of the check(s) shall be sent to Robert D. DeCuir, Esq., at the address indicated above.

C. Miscellaneous

1. All technical words or terms used in this Consent Order or the attached Stipulation, for which meanings are not specified or otherwise provided by the provisions of the Consent Order and/or Stipulation, shall, insofar as applicable, have meanings as defined in the rules and regulations adopted by the OTS (including, without limitation, 12 C.F.R § 500.1-.6, .10-.17, .30, § 541.1-.28, and § 561.1-.55. Any technical words or terms used in this Consent Order or Stipulation and undefined in said rules and regulations shall have meanings that accord with the best custom and usage in the thrift industry.

2. The construction and validity of this Stipulation and the Consent Order shall be governed by the laws of the United States of America. In the event that any provision of this Consent Order shall be declared invalid, illegal, or unenforceable the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

3. The section headings used in this Consent Order are for convenience of reference only and not to affect the construction of or be taken into consideration in the interpretation of this Consent Order.

4. This Consent Order shall become effective on the date of issuance by the Regional Director. The date of issuance is identified in the caption above.

5. This Consent Order shall remain in effect until terminated, modified, or suspended by the OTS, the Regional Director or their successor(s).

6. The Stipulation shall be attached to the Consent Order and made a part thereof.

THE OFFICE OF THRIFT SUPERVISION

By: Ronald N. Karr

ATTACHMENT A

TABLE SUMMARIZING RESULTS OF CALCULATION OF PREJUDGMENT INTEREST FOR HIGGINS AND HOWARD

		PERIOD	(1) ANNUAL INTEREST RATE	(2) APPLICABLE INTEREST RATE	(3) AMOUNT OF INTEREST THIS PERIOD	(4) AMOUNT OF PRINCIPAL THIS PERIOD	(5) PRINCIPAL PLUS INTEREST
						0.00	0.00
Initial Profit Amount		31-Dec-88	11%	2.75%	0.00	22,662.00	22,662.00
	Quarter Ending	31-Mar-89	11%	2.75%	623.21		23,285.21
	Quarter Ending	30-Jun-89	12%	3.00%	698.56		23,983.76
	Quarter Ending	30-Sep-89	12%	3.00%	719.51		24,703.27
	Quarter Ending	31-Dec-89	11%	2.75%	679.34		25,382.61
	Quarter Ending	31-Mar-90	11%	2.75%	698.02		26,080.64
	Quarter Ending	30-Jun-90	11%	2.75%	717.22		26,797.85
	Quarter Ending	30-Sep-90	11%	2.75%	736.94		27,534.79
	Quarter Ending	31-Dec-90	11%	2.75%	757.21		28,292.00
	Quarter Ending	31-Mar-91	11%	2.75%	778.03		29,070.03
	Quarter Ending	30-Jun-91	10%	2.50%	726.75		29,796.78
	Quarter Ending	30-Sep-91	10%	2.50%	744.92		30,541.70
	Quarter Ending	31-Dec-91	10%	2.50%	763.54		31,305.24
	Quarter Ending	31-Mar-92	9%	2.25%	704.37		32,009.61
	Quarter Ending	30-Jun-92	8%	2.00%	640.19		32,649.80
	Quarter Ending	30-Sep-92	8%	2.00%	653.00		33,302.80
	Quarter Ending	31-Dec-92	7%	1.75%	582.80		33,885.60
	Quarter Ending	31-Mar-93	7%	1.75%	593.00		34,478.60
	Quarter Ending	30-Jun-93	7%	1.75%	603.38		35,081.97
	Quarter Ending	30-Sep-93	7%	1.75%	613.93		35,695.91
	Quarter Ending	31-Dec-93	7%	1.75%	624.68		36,320.59
	Quarter Ending	31-Mar-94	7%	1.75%	635.61		36,956.20
	Quarter Ending	30-Jun-94	7%	1.75%	646.73		37,602.93
	Quarter Ending	30-Sep-94	8%	2.00%	752.06		38,354.99
	Quarter Ending	31-Dec-94	9%	2.25%	862.99		39,217.98
	Quarter Ending	31-Mar-95	9%	2.25%	882.40		40,100.38
	Quarter Ending	30-Jun-95	10%	2.50%	1,002.51		41,102.89
	Quarter Ending	30-Sep-95	9%	2.25%	924.82		42,027.70
	Period Ending	31-Dec-95	9%	2.25%	945.62		42,973.33
	Quarter Ending	31-Mar-96	9%	2.25%	966.90		43,940.23
	Quarter Ending	30-Jun-96	8%	2.00%	878.80		44,819.03
	Quarter Ending	30-Sep-96	9%	2.25%	1,008.43		45,827.46

TOTALS (As of July 1, 1996)	
TOTAL PREJUDGEMENT INTEREST	22,157.03
TOTAL PRINCIPAL	22,662.00
TOTAL INTEREST + PRINCIPAL	44,819.03

(1) The annual interest rate utilized in this Order corresponds to that rate published by the Internal Revenue Service, pursuant to 26 U.S.C. Section 6621(a)(2) (1994). See1996-24 IRB 1, Rev. Rul. 96-28.

(2) Interest rate to be used in the calculation is 1/4 of the annual interest rate.

(3) The interest amount calculated for the period which equals the preceding period principal times the applicable interest rate.

(4) The sum of principal during this period.

(5) Principal plus interest is the preceding period principal plus the interest calculated for the period plus the amount of principal this period.

(6) The compounded daily rate applicable to any required amount not paid by July 1, 1996, shall be calculated pursuant to 26 U.S.C. Sections 6621(a)(2), 6622(a) (1994).